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978-0-521-68382-1 - How Capitalism Was Built: The Transformation of Central and Eastern Europe, Russia, and Central Asia
Anders Aslund
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HOW CAPITALISM WAS BUILT

Anders Åslund is known for making bold predictions that initially arouse controversy but become common wisdom a few years later. He foresaw the collapse of the Soviet Union in his book *Gorbachev's Struggle for Economic Reform* (1989). He depicted the success of Russia's market transformation in *How Russia Became a Market Economy* (1995), when others saw little but chaos. After Russia's financial crisis of 1998, Åslund insisted that Russia had no choice but to adjust to the world market (*Building Capitalism*, 2002), although most observers declared the market economic experiment a failure.

- Why did Russia not choose Chinese gradual reforms?
- Why are the former Soviet countries growing much faster than the Central European economies?
- How did the oligarchs arise?
- Where are the postcommunist countries heading?

These are just some of the questions answered in his new book, *How Capitalism Was Built*, which tells the story of how all but three of twenty-one former communist countries were transformed into market economies from 1989 to 2007, but less than half of them became democracies.

Anybody who wants to understand the often confusing dramas unfolding in the region and to obtain an early insight into the future will find this book useful and intellectually stimulating.

Anders Åslund is a leading specialist on postcommunist economic transformation with more than 30 years of experience in the field. The author of seven books, he has also worked as an economic advisor to the Russian government, to the Ukrainian government, and to the president of the Kyrgyz Republic.

Dr. Åslund joined the Peterson Institute for International Economics in Washington, D.C., in January 2006. Before that he was the Director of the Russian and Eurasian Program at the Carnegie Endowment for International Peace. He teaches at Georgetown University.

He was born in Sweden and served as a Swedish diplomat. He earned his PhD from Oxford University.

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Other books by Anders Åslund:

Private Enterprise in Eastern Europe, 1985.

Gorbachev's Struggle for Economic Reform, 1989.

Post-Communist Economic Revolutions: How Big a Bang? 1992.

How Russia Became a Market Economy, 1995.

Building Capitalism: The Transformation of the Former Soviet Bloc, 2002.

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How Capitalism Was Built

The Transformation of Central and Eastern Europe, Russia, and Central Asia

ANDERS ÅSLUND
Peterson Institute for International Economics,
Washington, D.C.

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For Anna, Carl, and Marianna

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List of Abbreviations

BEEPS	EBRD – World Bank Business Environment and Enterprise Performance Survey
CBR	Central Bank of Russia
CIS	Commonwealth of Independent States
CMEA	Council of Mutual Economic Assistance
CPSU	Communist Party of the Soviet Union
EBRD	European Bank for Reconstruction and Development
ECE	Economic Commission for Europe (United Nations)
EU	European Union
FIG	Financial-industrial group
GATT	General Agreement on Tariffs and Trade
GDP	Gross domestic product
GDR	German Democratic Republic
GNP	Gross national product
IFI	International financial institution
ILO	International Labor Organization
IMF	International Monetary Fund
IPO	Initial public offering
OECD	Organization for Economic Cooperation and Development
PHARE	EU technical assistance program for EU accession countries
TACIS	Technical Assistance for the CIS (EU program)
UNDP	United Nations Development Program
USAID	United States Agency for International Development
VAT	Value-added tax
WTO	World Trade Organization

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This book is partly a sequel, partly an updating and revision of my book *Building Capitalism: The Transformation of the Former Soviet Bloc* (Cambridge University Press, 2002). At that time, the implications of the Russian financial crash of 1998 were still hazy. Today the perspectives on how capitalism was built are so much clearer, allowing me to paint the picture in stronger colors and focus on its main features.

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